

Testimony to the

Commission on Fiscal Stability and Economic Growth

Property Tax Working Group of 1000 Friends of Connecticut

made January, 24, 2018

This part of the testimony from our coalition is on how regionalism can address the charge of the Commission to *“develop and recommend policies to achieve state government fiscal stability and promote economic growth and competitiveness within the state.”* and to *“study and make recommendations regarding state revenues, tax structures, spending, debt, administrative and organizational actions and related activities, including relevant municipal activities, to (1) achieve consistently balanced and timely budgets that are supportive of the interests of families and businesses and the revitalization of major cities within the state, and (2) materially improve the attractiveness of the state for existing and future businesses and residents.”*

Today, we will share with you (1) specific examples of regionalism and their positive impacts to both the costs of services and the improved efficiencies in the delivery of services and (2) specific recommendations for statutory changes to enhance the use of regional solutions and build regional capacity.

As you are already aware, Connecticut while a small state geographically is extremely fractured in its structure. *We have 169 Towns, 8 Counties (at least on paper), 33 Cities or Boroughs, 310 Zip Codes (which most people associate with their home), 6 Core Statistical Areas, 17 Urbanized Areas, 151 State House Districts, 36 State Senate Districts, 5 Congressional Districts, 7 Metropolitan Planning Organizations, 4 Transportation Management Areas, 15 Regional Transit Districts, 5 Homeland Security Regions, 13 Judicial Districts, 22 Judicial Branch Areas, 12 Juvenile Courts, 54 Probate Court Districts, 11 State Police Districts, 585 Fire Departments, 282 Fire Districts, 5 Workforce Development Boards, 9 Labor Market Areas, 8 Service Delivery Areas for Job Training, 8 Workers’ Compensation Districts, 104 911 Locations, 5 Regional Mental Health Boards, 3 Department of Development Services Regions, 12 su-regions for the Department of Mental Health and Addiction Services, 12 CAP Agencies, 6 DCF Regions, 6 Family Support Network Regions, 25 DCF Collaborative Areas, 15 United Way Areas, 6 Regional Education Service Areas, 43 Elementary School Districts, 156 Secondary School Districts, 17 Regional School Districts, 73 Health Departments, 31 Acute Care Hospitals, 6 VFW*

The capacity to initiate and sustain regional collaboration hinges on four types of essential resources: leadership, a constituency for change, organization, and technical information.

University of Montana, Public Policy
Research Institute, April 15, 2008

*Regions and 8 Comprehensive Economic Development Regions*¹. This list is not a complete one but it does demonstrate the fractured nature of how we state deliver services locally and on a state basis. Since 1950, Japan has reduced its number of local governments by 70 percent - today having about the same number of local governments as New York. Additionally, the fractured nature of our state as demonstrated above does not take into account service delivery. Connecticut has a multitude of organizations (public and private) often doing the same basic service with little or no coordination.

We are confident that through the increased use of planned regionalism that we can make local and state government more efficient and less costly. The following are a few regional services to show the variety of regional programs currently in place realizing real results:

- **Regional Property Revaluation** - Enabling legislation passed in 2009 allowed regional councils of governments to take on property revaluation. In 2010, NECCOG began the Regional Revaluation Program. Eleven of NECCOG's then 12 towns as well as the Town of Sprague participated in the initial program cycle (5 years). The Program is estimated to have saved the Region more than \$650,000. The program is unique in that each town has 50 percent of its property inspected every five years and that number is used to calculate the other fifty percent - the result being a lessening of the volatility associated with only conducting full inspections every 10 years. The new law also allowed for real dates to be altered so that parcel total could be equalized during a five year period. Beginning in 2016, the second five-year cycle, for the Program began with 14 towns participating and an estimated savings of 47 percent compared to a traditional approach to revaluation. Another benefit to this program is that it provides towns with a specific reval cost compared to the current practice of guessing.
- **Regional Animal Services** - Each town in Connecticut is required to have an animal control person to address issues related to domestic animals. Most small towns and many medium sized towns have only a part-time person covering animal control - which was the case in each of the region's towns. NECCOG, since 2004, has operated a regional animal services program. The Program began with three towns and now serves 18 towns with 24/7/365 services. To date, the program has placed more than 5,700 animals and no animal has been euthanized due to lack of space. Savings to the participating towns has ranged from 10 to sixty percent. However, more importantly the services to residents and their animals has been markedly improved.
- **Regional Paramedic Intercept Services** - In 1999, NECCOG began a regional paramedic program. The regional program provides approximately 2,200 paramedic transports per year. Paramedic Intercept service, also known as Advanced Life Support (ALS) provides a higher level of care delivered in the field to patients in need. The Region's local ambulance services or Basic Life Support (BLS) are provided by each town and are staffed by EMTs. While EMTs can provide a range of services - they can not provide treatments that one would find in a triage unit of an emergency room. Due to the relatively low volume of medical calls a regional approach to ALS was suggested in 1999.

¹ MORE Commission, <http://www2.housedems.ct.gov/more/RegEnt/documents.asp>

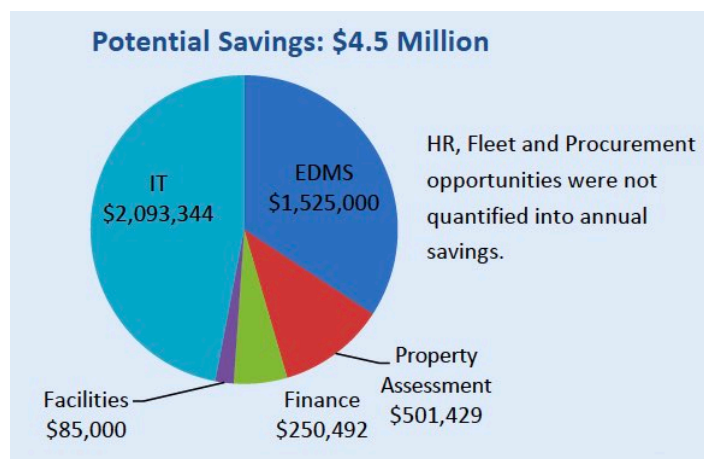
NECCOG agreed to coordinate and subsidize the program and secured an ALS vendor to provide ALS services. Costs are covered by a transport fee to participating towns and grants from Day Kimball Hospital and Backus Hospital. ALS is a very expensive, cost probative venture for rural ambulance departments - going regional was the only way to maintain this necessary program.

- **Regional Permitting** - The Capital Region Council of Governments (CRCOG) Online Permitting program, provided in conjunction with ViewPoint and Muncipity Software, enables homeowners and licensed contractors to apply for and receive building permits, track the status of permit applications, and request inspections through cloud based permitting technology. On the front end municipalities can offer a transparent application process and user friendly interface which citizens can access 24/7. On the back end, the program provides municipalities with an intuitive online tool that will help to organize, streamline, and track their permitting operations. Online Permitting solutions facilitate collaboration between departments by centralizing and automating workflows. Benefits of this program include:

- ✓ Citizens can submit requests and payments outside of Town Hall business hours. Citizens are given 24/7 access to the Town Hall interface.
- ✓ Towns can minimize physical resources needed for front office workflows (i.e in person submissions) and accelerate processing times.
- ✓ Towns can utilize analytical data (provided by the software) to get a better understanding of activity within their community.
- ✓ Provides insight into the Town's operations and streamlines the application process.
- ✓ Provides citizens with real time access to public record information.

- **Cooperative Purchasing** - The Capitol Region Purchasing Council is a cooperative council of **over 110 towns** and other entities in the State of Connecticut. We have several programs available to members, including the CRPC annual/biennial bids, the eziQC Job Order Contracting construction program, the IT Services Cooperative, and Energy Consortia.

- **IT Service Cooperative** - The Capitol Region Council of Governments (CRCOG) established an IT Service Cooperative for Connecticut municipalities, boards of education, libraries and other public entities in 2014. This effort stemmed from the desire to fully leverage local government connections to the Nutmeg Network, Connecticut's public broadband fiber network. The CRCOG IT Services Cooperative



is a combined effort of the CRCOG Service Sharing Initiative, the Capitol Region Purchasing Council (CRPC) and the Connecticut Council of Small Towns (COST). If you are a member of one of these organizations, you can automatically access the CRCOG IT Services Cooperative. If you are not a member of any of these organizations, you can join the Cooperative as an independent organization for a small annual membership fee.

- **Back-Office Services** - The Franklin County Council of Governments in Massachusetts has a highly successful program providing business office functions for 14 of its 26 towns. The participating towns are mostly small towns with limited staffing capacity and limited resources. This program allows these towns the services of a fully credentialed staff at a fraction of the costs if they were to attempt to employ a person of equal talent.

In 2013, using funds from the state Regional Performance Incentive Program, the Capitol Region Council of Governments (CRCOG) commissioned a study of Back Office Service Sharing involving 23 municipalities. From detailed field interviews and data gathering, eight opportunities emerged with the greatest potential for success and savings. In addition, the study highlighted the importance of the state's Nutmeg Network (broadband fiber connecting municipalities, schools and libraries) and how it could create opportunities for voluntary regional approaches for local service delivery, resulting in significant savings of tax revenue as well as enhancement in the quality of services offered to residents. The eight areas identified as priorities were:

- | | |
|-----------------------------------|-----------------------------------|
| ✓ Information Technology Services | ✓ Facilities and Asset Management |
| ✓ Electronic Document Management | ✓ Property Tax Assessment |
| ✓ Financial Management Systems | ✓ Fleet Maintenance |
| ✓ Human Resources Management | ✓ Procurement Expansion |

These are a few examples of what is going on now to foster collective or regional action. Much more can and should be done. A recent study by the Federal Reserve Bank in Boston titled "The Quest for Cost-Efficient Local Government in New England: What Role for Regional Consolidation?"² looked at Connecticut and specifically at 911 services and Public Health service delivery. Their study estimated that by changing to a regional-based approach (the study used the eight counties) the savings would be "roughly 60 percent." As to the quality of service, the study concluded that *"...consolidation appears to have the potential to shorten the interval between 9-1-1 calls and the dispatch of first responders, an improvement that in turn would tend to have a beneficial impact on survival outcomes and other indicators of service effectiveness."* The Federal Reserve Study also examined the consolidation of health departments. Connecticut currently has 73 health departments ranging from several regional districts to part-time health departments. Service levels and emphasis is not consistent from department to department. The study found that Connecticut has the second highest fragmentation of local health departments in the nation. The study concluded that a regional approach could \$25.4 million savings (41.3 percent) compared to the current approach.

² <http://www.bostonfed.org/neppc> The Quest for Cost-Efficient Local Government in New England: What Role for Regional Consolidation?

With a clear upside to working together - why are we not seeing more communities seeking inter-town or regional solutions. One key reason relates to revenues. “Constraints on municipal revenue raising and expenditure make local officials averse to inter-local arrangements that might further diminish their power. They are equally reluctant to consider cooperative arrangements with other municipalities involving expenditures because of lingering fears that they may not come out ahead—or that voters will think a neighboring competitor has snookered them. So deep is this fear that some officials avoid cooperative efforts that would benefit their towns if the other municipality appears to get more out of the deal.”³

The recent consolidation of the 14 Regional Planning Organization to nine regional councils of governments was done purposely to have in place regions that were accountable to their member towns (COGs are operated by each towns respective CEO). COGs are the building blocks for regionalism in Connecticut. The COGs have a unique position as regional facilitators for establishing the framework for cooperation, providing support, monitoring, evaluating, and disseminating best practices that can be replicated in other COG regions. They offer an established model for regional collaboration and innovation. The State can strengthen existing regional infrastructure/capacity, using COGs (which are political subdivisions of the state), to support regional initiatives and collaboration to take advantage of the existing regional infrastructure and expertise that the COGs can provide.

To foster regional capacity and to enhance the use of regionalism in Connecticut we suggest the following:

1. Modify Section 2-27 of the General Statutes regarding the charge and membership of the Connecticut Advisory Commission on Intergovernmental Relations

The Advisory Commission on Intergovernmental Relations (ACIR), which is administratively part of the Intergovernmental Relations Division of OPM, is uniquely structured to provide a forum for state and local policy leaders to develop initiatives for state/municipal efficiencies. Currently, ACIR consists of 16 appointments representing state government, municipal government and has appointments from each major party and the governor. This proposal would:

- Add a member to the Commission representing the Regional Education Service centers (RECS);
- Require ACIR to annually develop priorities and focus areas for grants issued to regional councils of governments in accordance with Section 1-124s (Regional Performance Incentive Program) of the General Statutes;
- Submit to the General Assembly a report recommending actions to enhance the effectiveness and efficiency in the delivery of services either at the municipal or state level; and,
- Simplify the current municipal mandate reporting and require that reports be done electronically

³ <https://commonwealthmagazine.org/politics/let-towns-have-more-power-and-regional-planning-may-follow/>

2. Modify Section 4-124p of the General Statutes to enable regional councils of governments to borrow funds in the same manner that municipalities, regional education resource centers and regional transit districts are permitted to do

Currently, regional councils of governments may purchase property and may receive grants. They cannot borrow monies or issue bonds. Such authority would, for those regions wishing to do so, explore more regional projects - including regional infrastructure (sewer, roads, etc).

3. Create new law that would minimize the issues related to labor contracts and related matter when public services are merged and/or consolidated

Current law provides no mechanism for the merger or blending of multiple unionized and/or non unionized workers as part of a regionalization of municipal services. Providing for such a transition would remove a significant barrier to the regionalization of services resulting in greater efficiencies and savings. The attached language is based on recently enacted legislation in New Jersey.

4. Enable Two or more contiguous municipalities for the creation of a Municipal Consolidation Study Commission

Should one or more towns wish to explore the possibility of consolidation there is currently no mechanism in statute for such an undertaking. This proposal, based on New Jersey law, sets forth a formal process for municipal consolidation.

5. Modify Section 2-79 to change current practice whereby the state Department of Transportation requires federal funds for local projects and then distributes them through each region to one where each COG receives the funds directly for use in their respective region

This proposed change would eliminate one administrative step and move funds closer to where they are actually used.

6. Modify Section 7-137 to enable large municipalities (75,000 or more persons) to act as sub-regions for purposes of economic development

The intent of this proposal is to enable Connecticut's largest cities to develop sub-regional economic development commissions with the city (place with more than 75,000 persons) as the hub of such a group.

7. Modify Section 32-326/327/328 regarding the Regional Economic Development Act

This modification would tie economic development to a region's CEDS and broaden the change of initiatives under the Act.

8. Develop an Efficiency Rating System for the distribution of public transportation funds.

School bus transportation is among the largest costs incurred by school districts. Washington state, in 2011, adopted a evaluation system for student transportation operations within each school district. The goal of the system is to to encourage school districts to operate their student transportation systems in a manner that makes efficient use of state resources. The statistical system used to create the efficiency ratings is called the Target Resource Model (TRM). For districts rated at less than 100 percent efficient, TRM creates a statistical "target district" from actual school districts across the state that have environmental features, size characteristics and workload requirements that are the same or

more challenging and compares the district's total transportation costs and the number of buses used with this "target." The target district establishes the expected resource requirements (expenditures and number of buses) that would be needed to achieve a 100 percent efficiency score.

9. Amend Sections 4-66g, 4-66h, 4-66m, 32-329, 8-387 and other discretionary grants currently only available to municipalities.

This modification would enable towns, through their respective regional council of governments to apply for state funds as a region - promoting better coordination of funds between towns and fostering regional solutions.

10. Modify Section 4-72 to require the governor to identify regional initiatives in each budget presentation

Statutorily the governor is required to prepare the proposed budget in accordance with specific elements as defined in statute. This proposal would require an explaining of program changes for regionalization.

11. Support the federal recognition of regional councils of governments as county equivalents for the state of Connecticut

Current Connecticut law (Conn. Gen. Stat. § 8-31b) states that "*a regional council of governments may accept or participate in any grant, donation or program available to any political subdivision of the state and may also accept or participate in any grant, donation or program made available to counties by any other governmental or private entity... [and may] provide any service, activity or undertaking that [any] political subdivision is authorized by law to perform.*" Connecticut differs from most states in the absence of county government. What is not widely known, however, is that the federal government is willing to recognize alternate forms of regional governance in states that lack formal county government. The Census Bureau terms these entities "county equivalents." County equivalents take a variety of institutional forms; what unites them is that they are treated as counties by the Census Bureau and all federal agencies that use Census geographies. What this means in practice is that a) the Census aggregates data for these regions, and, crucially, b) the regions are treated as eligible applicants and recipients for the 80% of federal grant programs that are open to counties. Perhaps because of these advantages, well over 100 county equivalents exist nationwide. Nationwide, federal grants to counties and county equivalents total over \$20 billion annually. While local governments can apply to many of these programs, Connecticut municipalities may not be well-positioned to compete against metropolitan and county governments in other states.

Connecticut pays more federal taxes per capita than all but two states yet receives \$70 less per capita back from the federal government than the average state. ***The lack of federal transfers to county governments or equivalents accounts for two-thirds (\$45) of this difference.*** Federal recognition of Connecticut's regions as county equivalents would create additional vehicles for grants and over time could bring significant new federal funds into the state.

Changing statutory language to allow greater municipal cooperation is a necessary first step. It provides real opportunity for significant savings. The real opportunity is to be aspirational in thinking about the most responsive, transparent and, ultimately, the most efficient long term service delivery model for our state.

In thinking about that, it is useful to remind ourselves about the reasons Aetna and General Electric chose to move their corporate headquarters. It wasn't to move to a lower cost state. It was their response to the transformational change in their industries to data and technology as the new drivers of growth - as Connecticut ranks 10th of all states overall in a 2017 by the Information Technology and Innovation Foundation *State New Economy Index* measuring: Knowledge Jobs, Globalization, Economic Dynamism, The Digital Economy and Innovation Capacity. Where our state falls short in its' fiscal stability - ranking just 47th (50th in Budget Balancing, 43 in Government Credit Rating and 37th in Pension Fund Liability) according to the most recent state rankings by U.S. News and World Reports⁴. Another area in need of immediate correction is infrastructure and most specifically transportation and energy where our state ranks 47th and 44th respectively. Of particular note is that we rank 50th in road quality and 49th in electricity price⁵. Our state needs to act creatively and avoid single strategy approaches to move our rankings, which reflect our relative well being, at the nation's forefront.

Whether it is state, regional or local service delivery, government should be just as aspirational. Creating true e-government through the adoption of technology and transparent data collection innovation isn't just about cost savings, it is a statement to the business community across the state, the region, the country and the world that Connecticut embraces the generational change thinking about how, in this case, government services will be delivered. Digital government is the future means to deliver affordable and sustainable government services.

Thank you for your consideration of our testimony.

For more Information:

John Filchak
Executive Director, Northeastern Connecticut Council of Governments
john.filchak@neccog.org
860-774-1253

Attachments:

- Attachment A - Connecticut Fragmentation
- Attachment B - Proposed Legislative Language

⁴ <https://www.usnews.com/news/best-states/rankings/government/fiscal-stability>

⁵ <https://www.usnews.com/news/best-states/connecticut>